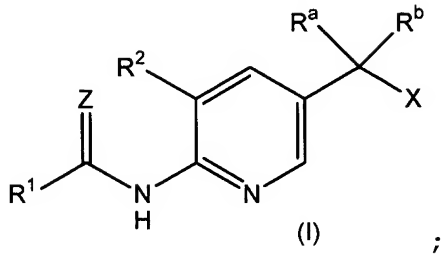
In the Claims:

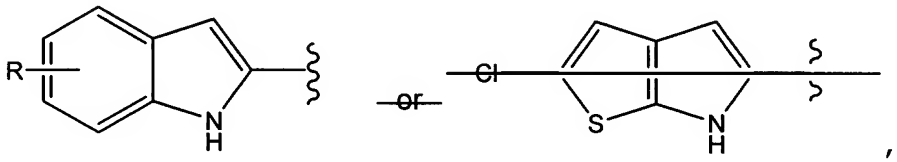
1. (amended) A compound of formula (I)



(I) ;

a stereoisomer ~~or prodrug~~ thereof, or a pharmaceutically acceptable salt of said compound, or stereoisomer, ~~or prodrug,~~ wherein:

R^1 is



wherein R represents, independently, from 1-3 of hydrogen; $-NH_2$; $-CN$; $-NO_2$; halogen; $-(C_1-C_6)$alkyl; or $-(C_1-C_6)$alkoxy;

R^2 is $-(C_1-C_6)$alkoxy;

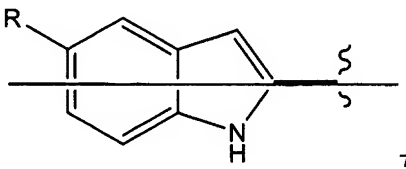
R^a and R^b are $-CH_3$ or $-OH$, provided R^a and R^b are not both $-OH$;

X is $-CH_2OH$; $-COOR^c$, wherein R^c is hydrogen or $-(C_1-C_6)$alkyl; or $-CON$(heterocycloalkyl); and

Z is O or S.

2. (amended) A compound of claim 1, wherein:

~~R^1 is~~



2/7

~~wherein:~~

R is halogen;

R^2 is $-OCH_2CH_3$;

R^a is $-CH_3$ and R^b is -OH;

X is $-CH_2OH$ or $-COOR^c$, wherein R^c is hydrogen or $-(C_1-C_6)$alkyl; and

Z is O.

3. (amended) A compound of claim 1 selected from the group consisting of:

5-chloro-1H-indole-2-carboxylic acid-[5-(1,2-dihydroxy-1-methyl-ethyl)-3-ethoxy-pyridin-2-yl]-amide;

2-{6-[(5-chloro-1H-indole-2-carbonyl)-amino]-5-ethoxy-pyridin-3-yl}-2-hydroxy-propionic acid; and

2-{6-[(5-chloro-1H-indole-2-carbonyl)-amino]-5-ethoxy-pyridin-3-yl}-2-hydroxy-propionic acid ethyl ester, a stereoisomer ~~or prodrug~~ thereof, or a pharmaceutically acceptable salt of said compound, or stereoisomer~~, or prodrug~~.

4. (canceled)

5. (canceled)

6. (amended) A pharmaceutical composition comprising a compound of claim 1, a stereoisomer ~~or prodrug~~ thereof, or a pharmaceutically acceptable salt of said compound, or stereoisomer~~, or prodrug~~; and a pharmaceutically acceptable carrier, vehicle, or diluent.

7. (amended) A method of treating atherosclerosis, diabetes, insulin resistance, diabetic neuropathy, diabetic nephropathy,

diabetic retinopathy, cataracts, hypercholesterolemia, hypertriglyceridemia, hyperlipidemia, hyperglycemia, hypertension, tissue ischemia, or mycardial ischemia, which method comprises administering to a mammal in need of such treatment, a therapeutically effective amount of a compound of claim 1, a stereoisomer ~~or prodrug~~ thereof, or a pharmaceutically acceptable salt of said compound~~,~~ or stereoisomer~~, or prodrug~~; or a pharmaceutical composition comprising said compound of claim 1, or said stereoisomer ~~or prodrug~~ thereof, or said pharmaceutically acceptable salt of said compound~~,~~ or stereoisomer~~, or prodrug~~, and a pharmaceutically acceptable carrier, vehicle, or diluent.

8. (original) A method of claim 7, wherein said condition is diabetes.

9. (amended) A method of inhibiting glycogen phosphorylase which method comprises administering to a mammal in need of such inhibition, a glycogen phosphorylase inhibiting amount of a compound of claim 1, a stereoisomer ~~or prodrug~~ thereof, or a pharmaceutically acceptable salt of said compound~~,~~ or stereoisomer~~, or prodrug~~; or a pharmaceutical composition comprising said compound of claim 1, or said stereoisomer ~~or prodrug~~ thereof, or said pharmaceutically acceptable salt of said compound~~,~~ or stereoisomer~~, or prodrug~~, and a pharmaceutically acceptable carrier, vehicle, or diluent.